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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965.

No. 340

IN-SINK-ERATOR MANUFACTURING COMPANY,
Petitioner,

vs.

WASTE KING CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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THE DARNELL-GARNER PRINTING COMPANY, CHICAGO

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STATEMENT AS TO THE MATTER INVOLVED AND AS TO THE OPINIONS OF THE COURTS BELOW.

Petitioner seeks a review of a judgment of the Court of Appeals for the Seventh Circuit which, by a divided court (Circuit Judge Win G. Knoch dissenting) holds, in effect, that a patent owner, owning a block of patents, all relating to different parts of the same commercial device (electric kitchen sink garbage disposers), may sue a competitor successively on each of such patents and thereby exact tribute from his competitor as the result of each successive patent action, in total disregard of fundamental equitable principles which should be applied to bar this type of patent misuse and which should compel the owner of a block of

patents to assert in a single patent action all patents relating to different parts of one and the same commercial device.

The decision of the Court of Appeals is reported at 145 USPQ 441, and a copy thereof is included in the "Appendix" hereto, together with a copy of the decision of the District Court for the Northern District of Illinois, Eastern Division, and which is reported at 230 F. Supp. 55.

The District Court had granted the petitioner injunctive relief barring the respondent from prosecuting successively or one after another actions for patent infringement against the petitioner based upon different patents owned by the respondent relating to closely associated parts of the same electric garbage disposers which had been involved in protracted and expensive patent litigation between the parties in California and Wisconsin.

The earlier California and Wisconsin cases between the parties involved patent No. 2,670,143 ('143) which related to a so-called splash guard used in the upper or throat portion of an electric kitchen garbage disposer for preventing upward splashing of the contents of the garbage disposer during its operation.

The California and Wisconsin cases were settled by an agreement between the parties dated March 29, 1962 (PX* 1, DA** 125), and under which the petitioner paid the respondent the sum of seventy-five thousand dollars ($75,000.00) in consideration for a release (PX 1, Par. 3, DA 125-26) reading as follows:

> "3. Effective upon the filing of the dismissals referred to in Paragraph 2 hereof, each of the parties hereto, for itself, its legal representatives, succesors, and assigns, does hereby remise, release, and forever

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* All references herein to petitioner's exhibits are designated as "PX".

** All references herein to the record (Defendant's Appendix) in the Court of Appeals are designated as "DA".

discharge the other party hereto, its legal representatives, successors, assigns, distributors, dealers, and customers, of all, and from all, and all manner of action and actions, cause and causes of action, claims and demands, whatsoever, in law or in equity, that it ever had, now has, or hereafter may have, arising from any alleged infringement of any of the claims of the Jordan Patent *or arising form any of the facts pleaded in the Wisconsin case or the California case.*"•

Among the "facts pleaded" in the Pre-Trial Conference Order in the California case (PX 21, DA 59-92) were numerous specimens of garbage disposers manufactured by the petitioner (PX 35 to 42, inclusive), numerous drawings of the petitioner (PX 4, 5, 6 and 7, DA 109, 120, 133 and 119), and a brochure of the petitioner (PX 3, DA 97-108), all of which embodied or illustrated a so-called thin wall steel mounting sleeve for mounting the petitioner's garbage disposers in the drain opening of a kitchen sink. In use, the structure now charged by respondent to infringe another one of its patents, No. 2,879,949 ('949), lies in close proximity to and immediately above the so-called splash guard charged to infringe respondent's '143 patent, as is shown by the colored drawing (PX 4) which is reproduced in the "Appendix" to this petition.

Having accepted $75,000.00 from the petitioner and granted what the petitioner believed was a complete release from any further claim of patent infringement against the same electric garbage disposers which had been involved in the California and Wisconsin cases, the respondent waited for a period of approximately five (5) months and, on August 23, 1962 its counsel wrote petitioner a letter (PX 2, DA 131) charging the petitioner with infringement of its '949 patent based upon the same thin steel sleeve mounting unit which was embodied in petitioner's electric garbage

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• All emphasis herein has been supplied.

disposers which had been involved in the earlier California and Wisconsin cases.

Petitioner thereupon brought a declaratory judgment action against the respondent in the Northern District of Illinois, Eastern Division. The First Amended Complaint was in two counts, namely, Count I for declaratory relief as to the charge of infringement of the '949 patent; and Count II as to the defense of the release granted by the respondent to the petitioner under the settlement agreement of March 29, 1962, and for injunctive relief to enjoin the respondent from maintaining any action against the petitioner under the '949 patent based upon any of those parts of the petitioner's electric garbage disposers which were among the

> ". . . facts pleaded in the Wisconsin case or the California case." (PX 1, Par. 3, DA 125-26.)

A separate trial was held on the release defense of Count II of the First Amended Complaint. The District Court sustained the petitioner's position relative to the release defense asserted under Court I and in so doing enjoined the respondent (Judgment Order, Par. 1, DA 325-26):

> ". . . from asserting and maintaining any action or actions for infringement of patent No. 2,879,949, including Claim 7 therof, against the plaintiff, its legal representatives, successors, assigns, distributors, dealers, and customers, as asserted and set forth in the defendant's counterclaim herein, consisting in the manufacture, sale, or use by the plaintiff, its legal representatives, successors, assigns, distributors, dealers, and customers of any garbage disposer or portions thereof by reason of the embodiment in such disposer of any construction embodied in any disposer, specimen, or drawing which the defendant has charged, in the case of *Waste King Corporation, a California corporation* v. *In-Sink-Erator Manufacturing Co., a Wisconsin corporation*, Civil Action No. 291-59-K, in the United States District Court for the Southern District of Cali-

fornia, Central Division, to infringe patent No. 2,670,143".

During the pendency of the California case, and prior to the settlement agreement of March 29, 1962, Pre-Trial Conference Rule 9(j) of the Rules of the United States District Court for the Southern District of California was in force and read, in part, as follows (PX 22, PA 22-23):

> "(j) Pre-Trial Conference Order. At or prior to pre-trial conference, plaintiff shall serve and lodge with the Clerk a proposed Pre-Trial Conference Order, approved as to form and substance by the attorneys for all parties appearing in the case, and in form substantially as follows:
>
> • • • • •
>
> IX. The foregoing admissions having been made by the parties, and the parties having specified the foregoing issues of fact and law remaining to be litigated, this order shall supplement the pleadings and govern the course of the trial of this cause, unless modified to prevent manifest injustice."

In its main brief in the Court of Appeals the respondent took the position that the word "pleaded" in Par. 3 of the settlement agreement between the parties should be limited to the "formal" pleadings in the California case, stating as follows (page 29):

> "We suggest that the word 'pleaded' in Paragraph 3 must, in the absence of any evidence of a contrary intent (and there is none), be interpreted to mean the formal pleadings in the California case, as the term 'pleadings' is understood by judges and lawyers in the legal profession."

After the petitioner had cited in its main brief ample authority to establish that a Pre-Trial Conference Order is a "pleading" (*Clark* v. *U. S.*, 13 F. R. D. 342, 344 (D. C. Oregon, 1952); Seminar on Procedures, 29 F. R. D. 191, 362, 368 (1961); Local Rule 9(j) of the United States Dis-

trict Court for the Southern District of California, Central Division (PX 22, PA 22-23); *United States of America* v. *E. B. Hougham, et al*, 81 S. Ct. 13, 17, 18, 364 U. S. 310 (1960); Rule 16 of the Federal Rules of Civil Procedure), the respondent changed its position and its reply brief reluctantly admitted that a Pre-Trial Conference Order is a "pleading".

In the decision of the majority, the Court of Appeals stated, in part, as follows (page 6):

> "We perceive nothing ambiguous in the provisions of the settlement agreement."

While thus finding nothing ambiguous in the settlement agreement between the parties, the majority of the Court nevertheless emasculated the release provisions of Par. 3 of the settlement agreement by eliminating therefrom those parts of the petitioner's garbage disposers now charged to infringe the '949 patent and which were embodied in the petitioner's alleged infringing garbage disposers recited in the Pre-Trial Conference Order in the California case, on the ground that the Pre-Trial Conference Order in the California case did not charge infringement of the '949 patent (Opinion, p. 6).

In so doing it is submitted that the majority of the Court of Appeals fell into serious error in that the very purpose of the release provision of Par. 3 of the settlement agreement was to preclude the respondent from making any further claim or demand, whatsoever, upon the petitioner as to any of the "facts pleaded" in the Pre-Trial Conference Order in the California case and which included numerous specimens of the petitioner's garbage disposers which embodied the parts now charged to infringe the '949 patent.

Thus, under Par. 1 of the agreement the $75,000.00 paid by the petitioner to the respondent was paid not only for a release

> ". . . from any alleged infringement of any of the claims of said Jordan patent" ('143)

but also from any claims

> ". . . arising from any of the facts pleaded in the Wisconsin Case, or the California Case".

It is obvious, therefore, that in and by the release provisions of the settlement agreement the parties intended that the petitioner should be released not only as to the '143 patent which was directly involved in the California case but also as to any of the other "facts pleaded" in that case including the numerous specimens of petitioner's garbage disposers which embodied the parts now charged to infringe the '949 patent.

As the District Court stated (Decision, DA 323-24):

> "Broadly summarized, these provisions reflect a mutual purpose of the parties to settle all points of controversy between them, and to allow each to continue its business as then carried on, without concern about the other's patents or other claims.
>
> • • • • •
>
> Here this general policy is re-inforced by the specific agreement of the parties to dispose not only of the claims actually asserted in the suits but also of all claims 'arising from any of the facts pleaded', whether asserted as claims for recovery or not.
>
> • • • • •
>
> In the pre-trial conference proceedings in the California suit, Waste King specifically identified the models of In-Sink-Erator disposers that were charged to infringe, and this specification was carried into the judge's pre-trial order, thereby supplementing the pleadings under Rule 9(j) of the Local Rules of the United States District Court for the Southern District of California where the order was entered.
>
> The elements and features which Waste King now charges constitute infringement of the later Jordan

patent were embodied in the In-Sink-Erator disposers charged in the California suit as infringements of the earlier patent. Since the current claim arises from elements of the same device pleaded as infringing in the California suit, it falls within the scope of the agreement barring claims 'arising from any of the facts pleaded' in that suit.

No other reading of the agreement would give any reasonable meaning to that clause. It is common ground between the parties that the agreement is governed by the law of California, which admonishes, 'It is ... the duty of a court to so construe a written instrument as to give force and effect not only to every clause but to every word in it, so that no clause or word may become redundant.' *McGaw* v. *Master Craft*, 105 Cal. App. 2d 304, 233 P. 2d 185, 1951."

In addition, the settlement agreement of March 29, 1962 between the parties provided (Par. 4, DA 126), for a world-wide license to be granted to the petitioner by the respondent herein under the respondent's earlier patent '143, which was involved in the California and Wisconsin cases and under all claims of United States or foreign patents thereafter owned, etc., by the respondent, and which claims defined substantially the same subject matter as any claim of the earlier '143 patent, and also provided (Par. 5, DA 126-27) for a license by the petitioner to the respondent under one of petitioner's patents.

This mutual exchange of licenses thus provided for in the agreement was, however, entirely independent of the release granted by the respondent to the petitioner under Par. 3 of the agreement as is shown by the fact that the last three lines of Par. 3 clearly show that the release was *not* limited to the "Jordan Patent" ('143) but extended to any claim or cause of action arising from any of the "facts pleaded" in the two earlier cases between the parties.

The majority opinion of the Court of Appeals (p. 6) was based upon two erroneous conclusions, namely:

1. That the exhibits in the form of specimens of the petitioner's garbage disposers embodying parts now charged to infringe the '949 patent were "extraneous and irrelevant disclosures" and "did not become facts pleaded" in the California case merely because they were listed in the Pre-Trial Conference Order in that case. This conclusion is entirely erroneous, as may be seen by reference to Sec. V(A) (DA 72, 74) of the Pre-Trial Conference Order in the California case (PX 21, DA 59-92).

Thus, Sec. V of the Pre-Trial Conference Order in the California case (DA 72) bears the following heading:

"V.

"The following issues of fact, and no others, remain to be litigated upon trial:

"(A) Facts Asserted by Plaintiff, But Denied by Defendant."

Sec. V of the Pre-Trial Conference Order includes Par. 7 which reads as follows (DA 74):

"7. Waste disposal devices made, used, or sold by defendant which include any of the constructions illustrated in the sectional view or the left-hand portion of page 2 of Plaintiff's Exhibit 15, Plaintiff's Exhibit 16, Defendant's Exhibits 7A, 7B, 7D, 8A and 8B, since the issue of the Jordan patent and without license from the plaintiff, infringe all of the claims in suit of said Jordan patent."

It will thus be noted that those specimens of petitioner's garbage disposers embodying the parts which the respondent now charges to infringe the '949 patent are listed in Par. 7 of Sec. V of the Pre-Trial Conference Order in that case and that Sec. V specifically recites the issues of

fact to be litigated and the facts asserted by the plaintiff in that case.

It is apparent, therefore, that the Court of Appeals erred in taking the position that the petitioner's garbage disposers now charged to infringe the '949 patent contain "extraneous and irrelevant" disclosures since those parts charged to infringe the '949 patent were embodied in specimens of petitioner's garbage disposers which were specifically listed among the facts pleaded in the Pre-Trial Conference Order in the California case. Moreover, the court had no justification for determining which facts might or might not come under the release provisions of Par. 3 of the settlement agreement between the parties since it found nothing ambiguous in that agreement (Opinion, p. 6) which would require that any of the facts pleaded in the Pre-Trial Conference Order in the California case be excluded from the release provisions of Par. 3 of the settlement agreement.

2. Upon the mistaken conclusion that the release provisions of Par. 3 of the settlement agreement of March 29, 1962 between the parties (PX 1, DA 125) were limited by the license provisions of Pars. 4 and 5 of the agreement which, as shown above, is in error.

JURISDICTION.

The jurisdiction of this court is invoked under Title 28 USC 1254(1), June 25, 1948, c. 646, 62 Stat. 928, and Rule 38.5(b) of the Revised Rules of this court in view of a clear and direct conflict between the decision of the Court of Appeals for the Seventh Circuit and the decisions of other courts including the Court of Appeals for the Second Circuit in a matter of great public importance involving (a) the splitting of a cause of action by the owner of a block of patents into successive patent infringe-

ment actions based upon different patents covering different parts of one and the same commercial device where all parts of the accused device and all of the patents alleged to cover them were well known to the patent owner at the time of the first patent infringement action between the parties in which all of the patents and all accused parts of the device should have been joined; and (b) a matter of great public importance which has never been decided by this court, namely, the application of general principles of equity to prevent an abuse of the patent monopoly and of the legal and economic power of patents which consists in the use of a block of patents covering different parts of one and the same commercial device to harass a competitor by the institution of successive patent infringement actions against different parts of one and the same commercial device.

The decision of the Court of Appeals for the Seventh Circuit is dated May 13, 1965 and the mandate of the Court of Appeals has been stayed to July 12, 1965 to permit filing of this petition for a writ of certiorari which is, therefore, timely.

QUESTIONS PRESENTED.

1. Should a patent owner who owns a block of patents on various parts of one and the same commercial device be permitted to split his cause of action by bringing successive actions against a competitor on different patents where all of the patents and all parts of the device charged to infringe were well known to the patent owner at the time of the first patent infringement action brought by him?

2. Does it constitute an abuse of the patent monopoly and of the legal and economic power of patents for a patent owner, who owns a block of patents relating to different

parts of one and the same commercial device, to bring successive actions for patent infringement against a competitor on each of such patents when all of the patents and all of the alleged infringing parts of the device were well known to the patent owner at the time he brought the first of such actions for patent infringement against the competitor?

3. Does the failure of the respondent to join in the California case not only the '143 patent there involved but also the '949 patent now charged to be infringed, estop the respondent from maintaining the present action, when the respondent was well aware during the pendency of the California case that it owned both of these patents and the constructions charged to infringe these two patents were parts of one and the same commercial device manufactured and sold by the petitioner and which was involved in the California case?

4. Should the expression "facts pleaded", as used in a Pre-Trial Conference Order entered under Rule 9(j) of the Rules of Practice of the Southern District of California, be construed to cover only those facts which relate to the specific patent there in suit, and which was directed to only a minor part of a commercial device embodying many parts, where the entire commercial device was among the "facts pleaded" in the Pre-Trial Conference Order and a release was granted as to any and all claims and causes of action arising from any of such "facts pleaded"?

5. Since a Pre-Trial Conference Order is admittedly a "pleading" (Court of Appeals Decision, p. 6) should Rule 8(f) of the Rules of Federal Civil Procedure be applied to prevent the manifest injustice worked on the petitioner by the majority decision of the Court of Appeals which erroneously held that the exhibits listed in the Pre-Trial Conference Order in the California case were not "facts

pleaded" within the language and meaning of the release provisions of Par. 3 of the settlement agreement of March 29, 1962 between the parties?

Rule 8(f) reads as follows:

"(f) Construction of Pleadings. All pleadings shall be construed to do substantial justice."

SPECIFICATION OF ERRORS TO BE URGED.

That the Court of Appeals for the Seventh Circuit erred:

1. In not holding that a patent owner, who owns a block of patents on various parts of one and the same commercial device should not be permitted to split his cause of action by bringing successive actions against a competitor on different patents where all of the patents and all parts of the device charged to infringe were well known to the patent owner at the time the first patent infringement action was brought by the patent owner;

2. In not holding that it constitutes an abuse of the patent monopoly and of the legal and economic power of patents for a patent owner, who owns a block of patents relating to different parts of one and the same commercial device, to bring successive actions for patent infringement against a competitor on each of such patents when all of the patents and all of the alleged infringing parts of the device were well known to the patent owner at the time he brought the first of such actions for patent infringement against the competitor;

3. In not holding that the failure of the respondent to join in the California case not only the '143 patent there involved but also the '949 patent now charged to be infringed estops the respondent from maintaining the present action when the respondent was well aware during the pendency of the California case that it owned both of these patents and the constructions charged to infringe these

two patents were parts of one and the same commercial device made and sold by the petitioner and which was involved in the California case;

4. Should the expression "facts pleaded" as used in a Pre-Trial Conference Order entered under Rule 9(j) of the Rules of Practice of the Southern District of California, be construed to cover only those facts which relate to the specific patent there in suit, and which was directed to only a minor part of a commercial device embodying many parts, where the entire device was among the "facts pleaded" in the Pre-Trial Conference Order, and a release was granted as to any and all claims and causes of action arising from any of such "facts pleaded";

5. Since a Pre-Trial Conference Order is admittedly a "pleading" (Court of Appeals, Decision, p. 6) should Rule 8(f) of the Rules of Federal Civil Procedure be applied to prevent the manifest injustice worked on the petitioner by the majority decision of the Court of Appeals which erroneously held that the exhibits listed in the Pre-Trial Conference Order in the California case were not "facts pleaded" within the language and meaning of the release provisions of Par. 3 of the settlement agreement of March 29, 1962 between the parties; Rule 8(f) reading as follows:

> "(f) Construction of Pleadings. All pleadings shall be construed to do substantial justice";

6. In not upholding the judgment of the District Court sustaining the release defense asserted by the petitioner under Count II of the First Amended Complaint and granting the petitioner injunctive relief against further actions for patent infringement by the respondent based upon other parts of the same commercial devices which were involved in and which were among the "facts pleaded" in the Pre-Trial Conference Order in the California case.

REASONS RELIED UPON FOR THE GRANTING OF THE WRIT.

1. The majority decision of the Court of Appeals for the Seventh Circuit in the present action involves a question of great public importance in patent litigation and is in direct conflict with decisions of other courts, including the decision of the Court of Appeals for the Second Circuit in the case of *Buchanan et al.* v. *General Motors Corporation,* 158 F. 2d 728, in which the court stated, in part, as follows at page 730:

> "That being so, the usual rule as to the effect of a former judgment in a suit between the same parties on the same cause of action applies here. This is that the judgment is res judicata not only as to all the issues decided but also as to all that could have been. *Snell* v. *J. C. Turner Lumber Co.,* 2 Cir., 285 F. 356. *Plaintiffs may not divide their causes of action and recover by installments. Aurora City* v. *West,* 7 Wall. 82, 74 U. S. 82, 19 L. Ed. 42; *Chicot County Drainage District* v. *Baxter State Bank,* 308 U. S. 371, 60 S. Ct. 317, 84 L. Ed. 329. Two comparatively recent cases of ours are close and controlling. *In re Garment Center Capitol,* 2 Cir., 93 F. 2d 667, 115 A. L. R. 202; *Cleveland* v. *Higgins,* 2 Cir., 148 F. 2d 722.
>
> The cases on which the appellants mainly rely are *Gedney* v. *Gedney,* 160 N. Y. 471, 55 N. E. 1 which is distinguishable on the ground that the cause of action later sued on was not only unknown to the plaintiffs when the first action was brought but remained apparently undiscoverable, and at least undiscovered and unknown to them, until after final judgment in that suit."

The majority decision of the Court of Appeals for the Seventh Circuit is in conflict with decisions of this Court including the case of *Chicot County Drainage District* v. *Baxter State Bank, et al.,* 308 U. S. 371 (1940), in which the late

Chief Justice Hughes, speaking for the Court, stated as follows at page 378:

> "The remaining question is simply whether respondents having failed to raise the question in the proceeding to which they were parties and in which they could have raised it and had it finally determined, were privileged to remain quiet and raise it in a subsequent suit. Such a view is contrary to the well-settled principle that res judicata may be pleaded as a bar, not only as respects matters actually presented to sustain or defeat the right asserted in the earlier proceeding, 'but also as respects any other available matter which might have been presented to that end.' *Grub* v. *Public Utilities Commission*, 281 US 470, 74 L. ed. 972, 50 S. Ct. 374, supra; *Cromwell* v. *Sac County*, 94 U. S. 351, 24 L. ed. 195, supra."

The case of *Chicot County* v. *Baxter, supra*, was cited and followed by this court in the case of *Angel* v. *Bullington*, 330 U. S. 183, in which the late Mr. Justice Frankfurter, speaking for the court, stated as follows at page 193:

> "Litigation is needless if, by fair process, a controversy has once gone through the courts to conclusion. Compare, e. g., *Hazel-Atlas Glass Co.* v. *Hartford Empire Co.*, 322 U. S. 238, 244, 64 S. Ct. 997, 1000, 88 L. Ed. 1250. And it has gone through, if issues that were or could have been dealt with in an earlier litigation are raised anew between the same parties. *Chicot County Drainage Dist.* v. *Baxter Bank*, 308 U. S. 371, 60 S. Ct. 317, 84 L. Ed. 329."

2. The decision of the Court of Appeals for the Seventh Circuit is in direct conflict with decisions of other courts, and with generally accepted principles of equity which preclude a patent owner from splitting his cause of action and harassing a competitor with numerous patent infringement actions based upon the same general subject matter, as the District Court properly held in its decision (230 F. Supp. 55), in which the District Court stated as follows at page 57:

"Under accepted principles, a plaintiff is forbidden to split his cause of action, to maintain two suits on the same wrongful conduct of the defendant. A judgment in a suit asserting a portion of the claim is conclusive on the whole. See Restatement, Judgments Sec. 62 (1942); *F. L. Mendez & Co.* v. *General Motors Corporation*, 161 F. 2d 695 (7 Cir. 1947); *Cleveland* v. *Higgins*, 148 F. 2d 722 (2 Cir. 1945). The principle is fully applicable in patent litigation. See *Hubbell* v. *United States*, 171 U. S. 203, 18 S. Ct. 828, 43 L. Ed. 136 (1898); *Buchanan* v. *General Motors Corp.*, 158 F. 2d 728 (2 Cir., 1947); *Cold Metal Process Co.* v. *United Engineering & Foundry Co.*, 83 F. Supp. 914 (W. D. Pa. 1938)."

In the case of *Case* v. *Redfield, et al.*, 5 Fed Cas. p. 258 (Case No. 2494) (C. C. D. Ind.—1849) the court, in discussing a comparable situation, stated as follows at page 259:

"The second ground of objection in the special demurrer that 'the declaration is double and multifarious,' is not sustainable. The wrong complained of is for an infringement on the improved patent, not for a violation of the original patent or of the improvement upon the original grant, but of the entire right, united in the plaintiff, by the different patents and assignments. The right set up is an entirety, and being united in the same individual is not susceptible of a division. Had he divided his cause of action, claiming damages in one case for the infringement of the original patent, and in another for an infringement of the improvement, the actions could not have been sustained. As well might different actions be brought for trespass, upon a close, on the ground that the land was held under distinct titles. The injury done was to the entire close, and that constitutes the ground of the action. It may be admitted that two defendants can not be united in the same action, where each has infringed distinct patents: for in that case there could be no joint defense. There would be no right common to the defendants, and consequently both would be subjected

to additional costs and delays by the joinder of the two. But where the original patent and the improvement on it are united in the same person, they constitute a whole, an entire right, and must be asserted as such in an action for an infringement."

In *Harper et al.* v. *Holman, et al.*, 84 Fed Rep. 222 (C. C. E. D. Penn.—1897) the court, in discussing the general principle here involved, stated as follows at page 224:

"With the adjudications to which I have referred, and the principle which they plainly enunciate, in mind, I have carefully examined the present bill, in connection with the printed books and papers, which, upon the argument, it was agreed should be taken to constitute a part of the bill itself. This examination had led me to the conclusion that there is no reason for supposing that the infringement charged of the several copyrights in question, as well as of the alleged trade-name or trade-mark, and, in short, every subject-matter proposed for investigation, may not conveniently, and most conveniently, be considered together; and, if each of the alleged infringements had been made the subject of a separate suit, it is, I think, very doubtful, at least, whether it would not have been the duty of the court to decline to entertain such separate suits, without requiring their consolidation. *Case* v. *Redfield*, 4 McLean, 529, Fed. Cas. No. 2494."

In the case of *Hayes* v. *Dayton*, 8 Fed. Rep. 702 (C. C. S. D. N. Y.—1880) the court stated as follows at page 704:

"In new cases the court is governed by those analogies which seem best founded in general convenience, and will best promote the due administration of justice, without multiplying unnecessary litigation on the one hand or drawing suitors into needless and oppressive expenses on the other. Story's Eq. Pl., secs. 531, 639; *Horman Patent Manufacturing Co.* v. *Brooklyn City R. R. Co.*, 15 Blatchf. C. C. R., 444.

We are not without cases on this subject, in suits or patents, in this country. In *Nourse* v. *Allen*, (4 Blatchf. C. C. R., 396), in 1859, before Mr. Justice

Nelson, a bill on four patents was held good on demurrer, where it alleged that the machine sued contained all the improvements in all the patents. The court thought the convenience of both parties, as well as a saving of expense in the litigation, seemed to be consulted in embracing all the patents in one suit on such a case; and that although the defenses as respected the several improvements might be different and unconnected, yet the patents were connected with each other in each infringing machine."

In Volume 6, Cyclopedia of Federal Procedure, 3rd Edition (1951), the following statement of the applicable law appears at page 319:

"Viewing briefly these principles, with regard to discouraging a multiplicity of suits equity looks with favor upon the bringing together into a single litigation of all existing grounds for relief between the parties which can be conveniently heard and adjudicated together without injustice. As a general rule, the court will not compel parties to incur the expense, vexation and delay of several suits, where the transactions constituting the subject of the litigation, or out of which the litigation arises, are so connected by their circumstances as to render it proper and convenient that they should be examined in the same suit, and full relief given by one comprehensive decree. Such a course is obviously to be encouraged, and the opposite and objectionable practice of undue splitting up of causes of action and multiplying the subjects of litigation is for the same reason discouraged."

3. The majority decision of the Court of Appeals for the Seventh Circuit is in conflict with the letter and spirit of Rule 8(f) of the Rules of Federal Civil Procedure which holds that pleadings should be construed to do substantial justice.

CONCLUSION.

For the foregoing reasons it is respectfully submitted that this petition for a writ of certiorari is well founded in fact and in law and should be granted.

Respectfully submitted,

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July 8, 1965.

APPENDIX.

IN THE UNITED STATES COURT OF APPEALS
For the Seventh Circuit.

SEPTEMBER TERM, 1964—APRIL SESSION, 1965.

No. 14783
IN-SINK-ERATOR MANUFACTURING COMPANY, a Wisconsin Corporation,
Plaintiff-Appellee,
vs.
WASTE KING CORPORATION a California Corporation,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

May 13, 1965

Before KNOCH, CASTLE and SWYGERT, *Circuit Judges.*

CASTLE, *Circuit Judge.* In-Sink-Erator Manufacturing Company, a Wisconsin corporation, plaintiff-appellee, brought suit in the District Court against Waste King Corporation, a California corporation, defendant-appellant, seeking a declaratory judgment, with incidental equitable relief, adjudicating plaintiff's non-liability for charged infringement of Jordan Patent No. 2,879,949.[1] Count I of the complaint alleges the invalidity of the patent and the absence of infringement by the plaintiff. Count II avers the plaintiff is protected from the claims of infringement asserted by the defendant by reason of the release pro-

1 Hereinafter referred to as the '949 patent.

visions of an agreement settling earlier litigation between the parties. These allegations of release and estoppel were put in issue by the defendant. The defendant also filed a counterclaim charging plaintiff with infringement of Claim 7 of the '949 patent.

Upon plaintiff's motion, made pursuant to Rule 42(b) of the Federal Rules of Civil Procedure (28 U.S.C.A.), a separate trial was had of the issues presented by Count II. In a memorandum of decision,[2] embodying its findings of fact and conclusions of law, the District Court found and concluded that the release provisions constitute a bar to the assertion of defendant's claim of infringement. Accordingly, a final judgment order was entered against the defendant.

The plaintiff and defendant are competing manufacturers of electric garbage disposers designed for installation in household kitchen sinks. The record reveals that the current controversy began in August 1962, when counsel for the defendant, Waste King, wrote a letter to the plaintiff charging it with infringement of the '949 patent, and more particularly, of the disclosures of Claim 7 of that patent, relating to a mounting assembly utilizing a grooved thin wall steel sleeve or strainer flange and snap ring construction for installing a garbage disposer unit in a kitchen sink. The defendant, Waste King, it appears, is the exclusive licensee with power to sue for infringement of this patent, originally issued to Hans Jordan on May 31, 1959. An earlier patent issued to Jordan and licensed to Waste King, Jordan Patent No. 2,670,143,[3] was the basis of two earlier suits between these same parties. The first, described as the Wisconsin suit, was filed by the defendant, Waste King, against In-Sink-Erator in the United States District Court for the Eastern District of Wisconsin on

2 Reported at 230 F. Supp. 55.

3 Hereinafter referred to as the '143 patent.

November 28, 1958, Civil Action No. 58-C-338, and charged a breach of contract consisting of a failure to pay royalties under an alleged license agreement between the parties under the '143 patent. The second action, also filed by Waste King against In-Sink-Erator, charged infringement of the '143 patent, upon the theory that the license agreement was terminated. This second suit was filed on May 30, 1959, in the United States District Court for the Southern District of California, Civil Action No. 291-59-K, and is described as the California suit. In it In-Sink-Erator counterclaimed for injunctive relief and an accounting for damages for unfair competition. In both the Wisconsin and the California suits In-Sink-Erator's alleged use of a rubber splash guard in the disposer opening, a feature allegedly protected by the '143 patent, was the principal issue.

The Wisconsin and California suits were disposed of without adjudication when on March 29, 1962, the parties entered into an agreement of compromise and settlement. The agreement recites the pendency of the Wisconsin and California cases, Waste King's desire to obtain a license under a designated patent owned by In-Sink-Erator, and in other pertinent parts is as follows:

> WHEREAS, WASTE KING is the exclusive licensee with the right to grant sublicenses under United States Letters Patent No. 2,670,143, issued on February 23, 1954, which, together with all reissues and extensions thereof, are hereinafter referred to collectively as the 'JORDAN PATENT'; and
>
> • • • • •
>
> WHEREAS, it is the desire of the parties hereto to settle and terminate the WISCONSIN CASE and the CALIFORNIA CASE; and
>
> WHEREAS, it is the desire of IN-SINK-ERATOR to obtain a paid-up, non-exclusive, non-cancellable license under said JORDAN PATENT and a release of all possible

liability arising out of the facts pleaded and involved in the WISCONSIN CASE and the CALIFORNIA CASE; and

* * * * *

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth hereinafter, the parties have agreed as follows:

1. IN-SINK-ERATOR shall, prior to April 1, 1962, pay to WASTE KING the sum of Seventy-Five Thousand Dollars ($75,000.00), in full payment of any and all profits, and/or damages, and/or royalties and/or costs, and/or other liability of any kind whatsoever which may accrue, or which may have accrued, or which may have become due and payable to WASTE KING, or its predecessor or predecessors in interest, up to and including the date hereof, from IN-SINK-ERATOR arising from any alleged breach of contract, or arising from any alleged infringement of any of the claims of said JORDAN PATENT, or arising from any of the facts pleaded in the WISCONSIN CASE, or the CALIFORNIA CASE.

2. Each of the parties hereto hereby agree that their respective counsel, forthwith after the payment referred to in Paragraph 1 hereof, shall execute and file stipulations of dismissal in the WISCONSIN CASE and CALIFORNIA CASE, respectively, in the forms attached hereto as 'Exhibit A' and 'Exhibit B'.

3. Effective upon the filing of the dismissals referred to in Paragraph 2 hereof, each of the parties hereto, for itself, its legal representatives, successors, and assigns, does hereby remise, release, and forever discharge the other party hereto, its legal representatives, successors, assigns, distributors, dealers, and customers, of all, and from all, and all manner of action and actions, cause and causes of action, claims and demands, whatsoever, in law or in equity, that it ever had, now has, or hereafter may have, arising from any alleged infringement of any of the claims of the JORDAN PATENT or arising from any of the facts pleaded in the WISCONSIN CASE or the CALIFORNIA CASE.

> 4. WASTE KING for itself, and joined by, for, and with the consent and approval of, Given Machinery Company, a signatory hereto, hereby grants to IN-SINK-ERATOR, effective upon the filing of the dismissals referred to in Paragraph 2 hereof, and continuing until the expiration of the last expiring patent coming under the provisions of this Paragraph 4 hereof, a paid-up, non-cancellable, non-exclusive, right and license throughout the world to make, use, and sell under said JORDAN PATENT and under all claims of all other United States and foreign Letters Patent, now or hereafter owned by WASTE KING and/or said Given Machinery Company or as to which either WASTE KING or said Given Machinery Company now has or acquires the right to grant licenses or sublicenses, which claims define substantially the same subject matter as any claim or claims of said JORDAN PATENT (but excluding any claims of any such other Letters Patent, which include anything not disclosed in said JORDAN PATENT).
>
> • • • • •

The record discloses that a pre-trial conference order was entered in the California case. That order sets forth (a) the facts admitted and requiring no proof; (b) facts which, although not admitted, are not to be contested by evidence to the contrary; (c) the issues of fact and the issues of law remaining to be litigated upon trial; and (d) the exhibits each party proposes to offer in evidence at the trial. The exhibits so listed by In-Sink-Erator included certain physical specimens of its garbage disposers, or portions thereof; drawings thereof; and a brochure describing In-Sink-Erator's disposers, which it is conceded embody or illustrate constructions now charged by Waste King to infringe Claim 7 of the '949 Jordan patent.

The settlement agreement recites that it shall be deemed to have been executed at Los Angeles, California. In-Sink-Erator does not dispute Waste King's contention that the

construction and application of the agreement is to be governed by California law.

The District Court characterized the agreement as reflecting "a mutual purpose of the parties to settle all points of controversy between them, and to allow each to continue its business as then carried on, without concern about the other's patents or other claims" and concluded that since the current claim of infringement of the '949 patent arises from elements of the devices pleaded as infringing the '143 patent in the California suit, the current claim of infringement of the '949 patent falls within the scope of the provision of the agreement barring claims "arising from any of the facts pleaded" in the California suit.

The appellant, Waste King, contends, among other things, that it is plain from the agreement itself that the release is not a general release but is limited to the classes of things enumerated and that Waste King's current claim of infringement of the '949 patent by In-Sink-Erator is not a claim "arising from any of the facts pleaded in" the California case. The appellee, In-Sink-Erator contends, in substance, that the pre-trial conference order entered in the California case is a "pleading" and that the District Court did not err in concluding that the current claim of infringement of Claim 7 of the '949 patent arises "from facts pleaded" in the California case because physical specimens, drawings, and a descriptive and illustrative brochure listed in the pre-trial conference order as exhibits proposed to be introduced upon trial of the case disclose embodiments of the structural features and elements now charged to infringe the '949 patent.

Appellant concedes that a pre-trial conference order constitutes a pleading insofar as it establishes, enlarges, or limits the issues of fact or of law in the case. Cf.

United States v. Hougham, 364 U.S. 310, 315-316; *Clark* v. *United States*, D.C. Ore., 13 F.R.D. 342, 344; Local Rule 9(j) of the United States District Court for the Southern District of California. But appellant points out that none of the issues of fact or of law involved in the California case concerned or related to the '949 patent or to any claim or demand based thereon, and urges that the mere incidental and unrelated disclosure made by a proposed exhibit listed in a pre-trial conference order does not constitute a "fact pleaded" in the cause. We agree with the appellant that the extraneous and irrelevant disclosures here made by the proposed exhibits did not become "facts pleaded" in the action merely because the proposed exhibits were listed in the pre-trial conference order.

Examination of the settlement agreement reveals that it is not a general release or cross-licensing of patents owned or controlled by the parties. It enumerates the class of claims released and the scope of the licenses granted. And, the provisions of paragraph 3 of the agreement extending the release beyond claims arising from the alleged infringement of the '143 patent to include claims "arising from any of the facts pleaded" in the Wisconsin or California cases was not without subject matter contemporaneously in controversy between the parties, *i.e.*, the claim in the Wisconsin suit for royalties allegedly due under a license agreement concerning the '143 patent and the unfair competition counterclaim in the California suit.

We perceive nothing ambiguous in the provisions of the settlement agreement. And, in our opinion, the broad characterization of the agreement expressed by the District Court does not comport with the governing principle of California law set forth in *Shriver* v. *Kuchel*, 113 Cal. App. 2d 421, 248 Pac. 2d 35:

> "Compromise agreements, however, 'regulate and settle only such matters and differences as appear clearly

> to be comprehended in them by the intention of the parties and the necessary consequences thereof, and do not extend to matters which the parties never intended to include therein, although existing at the time.' "

The judgment order of the District Court is reversed and the cause is remanded to the District Court for trial or other appropriate disposition of Count I of plaintiff's first amended complaint and the defendant's counterclaim.

REVERSED AND REMANDED

KNOCH, *Circuit Judge* (dissenting). With regret, I find myself compelled to dissent. The Wisconsin and California cases between the parties here, based initially on the '143 patent, were filed on or about November 26, 1958, and March 30, 1959, respectively. The '143 patent related to a waste disposal device embodying a splash guard which (with supporting means for the grinding mechanism) is mounted on and supported by a sleeve adapted to be supported in a sink drain opening.

The '949 patent issued March 31, 1959, about a day or so after the California suit was filed. It relates to a garbage disposal device embodying means including a grooved thin wall steel sleeve and snap-ring construction for supporting the grinding mechanism in a sink drain opening.

The settlement agreement was entered into March 29, 1962. Physical specimens and drawings of portions of the accused devices were among the "facts pleaded" in the prior litigation settled by that agreement of March 29, 1962. The very same elements and features of the current models now accused in connection with the '949 patent were embodied in the models which were accused in connection with '143. Defendant was surely well aware of its own patent claims in '949. That patent is mentioned

in a memorandum dated October 19, 1959, and the application for that patent is mentioned in an Amendment of Royalty agreement dated April 18, 1957. Both documents are listed as exhibits which the defendant proposed to offer at the trial of the California case.

I would agree with the District Judge that "the current claim arises from elements of the same device pleaded as infringing in the California suit," and "falls within the scope of the agreement barring claims 'arising from any of the facts pleaded' in that suit." I would affirm the judgment of the District Judge, adopting his Memorandum of Decision as this Court's opinion.

APPENDIX.

In-Sink-Erator Manufacturing Company,
a Wisconsin corporation, Plaintiff,

v.

Waste King Corporation,
a California corporation, Defendant.

Civ. A. No. 62 C 1990.

United States District Court
N. D. Illinois, E. D.

May 28, 1964.

JULIUS J. HOFFMAN, District Judge.

The controlling question presented in this action concerns the interpretation and application of an agreement of compromise and settlement which disposed of prior litigation between these parties.

In this suit the plaintiff seeks a declaratory judgment, with incidental equitable relief, adjudicating its non-liability for charged infringement of Letters Patent No. 2,879,949. Relief is sought in two counts. Count I of the complaint alleges the invalidity of the patent and the absence of infringement by the plaintiff. Count II avers that the plaintiff is protected from the claims of infringement asserted by the defendant by reason of the release provisions of the compromise agreement entered into between the parties. Upon the plaintiff's motion, a separate trial was held on the claim presented in Count II, setting up the release, since the disposition of that claim might render

unnecessary an extended trial of the issues of validity and infringement tendered by Count I.

From the evidence introduced at that trial it appears that the plaintiff and defendant are competing manufacturers of electric garbage disposers designed for installation in household kitchen sinks. The plaintiff, In-Sink-Erator Manufacturing Company, is a Wisconsin corporation with its principal place of business in the city of Racine, Wisconsin. The defendant, Waste King Corporation, is incorporated under the laws of California with its principal place of business in Los Angeles. The complaint alleges the existence of a genuine controversy concerning the defendant's extra-judicial assertions that the plaintiff's products involve infringement of the defendant's patent. Jurisdiction is based on the Declaratory Judgment Act, 28 U. S. C. § 2201, upon diversity of citizenship, 28 U. S. C. § 1332, and upon the ground that the claims of the complaint arise under the patent laws of the United States, 28 U. S. C. §§ 1331, 1338. See *Edelmann & Co.* v. *Triple-A Specialty Co.*, 88 F. 2d 852 (7 Cir. 1937).

The current controversy began on August 23, 1962, when counsel for the defendant, Waste King, wrote a letter to the plaintiff charging infringement of patent No. 2,879,949, and more particularly, of the disclosures of Claim 7 of that patent, relating to a mounting assembly utilizing a grooved thin wall steel sleeve or strainer flange and snap ring construction for installing a garbage disposer unit in the kitchen sink. The defendant, Waste King, it appears, is the exclusive licensee with power to sue for infringement of this patent, originally issued to Hans Jordan on May 31, 1959. An earlier patent issued to Jordan and licensed to this defendant, No. 2,670,143, was the basis of two earlier suits between these same parties. The first, described as the Wisconsin suit, was filed by this defendant against this

plaintiff in the United States District Court for the Eastern District of Wisconsin on November 26, 1958, Civil Action No. 58-C-338, and charged a breach of contract consisting in a failure to pay royalties under an alleged license agreement between the parties under this earlier Jordan patent. The second action, also filed by this defendant against the plaintiff, charged simple infringement of the same patent, upon the theory that the license agreement was terminated. This second suit was filed on May 30, 1959, in the United States District Court forthe Southern District of California, Civil Action No. 291-59-K, and is described as the California suit. In both actions the present plaintiff interposed counterclaims. In both, the principal issue was the plaintiff's alleged use of a rubber splash guard in the disposer opening, allegedly protected by this earlier patent.

These two proceedings were disposed of without adjudication when on March 29, 1962, the parties entered into an agreement of compromise and settlement. The instrument recites in a preamble the pendency of these Wisconsin and California suits and the desire of the parties to settle and terminate them. This preamble also states that In-Sink-Erator is the owner of Patent No. 2,814,449, known as the Wieczorek patent, and that Waste King is the exclusive licensee of the earlier Jordan patent, and declares that the parties desire mutual paid-up, non-exclusive, non-cancellable licenses under these patents. Finally, the preamble states that it is the desire of In-Sink-Erator to obtain "a release of all of all possible liability arising out of the facts pleaded and involved in the Wisconsin case and the California case."

In effectuation of these mutual desires, the compromise agreement contains four operative paragraphs. The first provides for the payment of $75,000 by In-Sink-Erator to Waste King "in full payment of any * * * liability of any

kind whatsoever which may accrue, or which may have accrued * * * up to and including the date hereof, from * * * any alleged breach of contract, from any alleged infringement of any of the claims of said Jordan patent, or arising from any of the facts pleaded in the Wisconsin case or the California case." Paragraph 3, upon which the plaintiff now relies, provides that each party releases the other "of all, and from all, and all manner of action and actions, cause and causes of action, claims and demands, whatsoever, in law or in equity, that it ever had, now has, or hereafter may have, arising from any alleged infringement of any of the claims of the Jordan patent or arising from any of the facts pleaded in the Wisconsin case or the California case."

The succeeding two paragraphs contain mutual grants between the parties of non-cancellable, paid-up licenses under Waste King's Jordan patent and In-Sink-Erator's Wieczorek patent and under any other patents the parties may have or acquire which "define substantially the same subject matter as any claim or claims" of the named patents.

[1-4] Broadly summarized, these provisions reflect a mutual purpose of the parties to settle all points of controversy between them, and to allow each to continue its business as then carried on, without concern about the other's patents or other claims. It is the settled policy of the law to encourage voluntary compromise of civil disputes, and a compromise has many of the attributes of a final judgment. See *Baker* v. *Philbin,* 97 Cal. App. 2d 393, 218 P. 2d 119 (1950); *Shriver* v. *Kuchel,* 113 Cal. App. 2d 421, 248 P. 2d 35 (1952). Under accepted principles, a plaintiff is forbidden to split his cause of action, to maintain two suits on the same wrongful conduct of the defendant. A judgment in a suit asserting a portion of the claim is conclusive

on the whole. See Restatement, Judgments § 62 (1942); *F. L. Mendez & Co.* v. *General Motors Corporation,* 161 F. 2d 695 (7 Cir. 1947); *Cleveland* v. *Higgins,* 148 F. 2d 722 (2 Cir. 1945). The principle is fully applicable in patent litigation. See *Hubbell* v. *United States,* 171 U. S. 203, 18 S. Ct. 828, 43 L. Ed. 136 (1898); *Buchanan* v. *General Motors Corp.,* 158 F. 2d 728 (2 Cir. 1947); *Cold Metal Process Co.* v. *United Engineering & Foundry Co.,* 83 F. Supp. 914 (W. D. Pa. 1938).

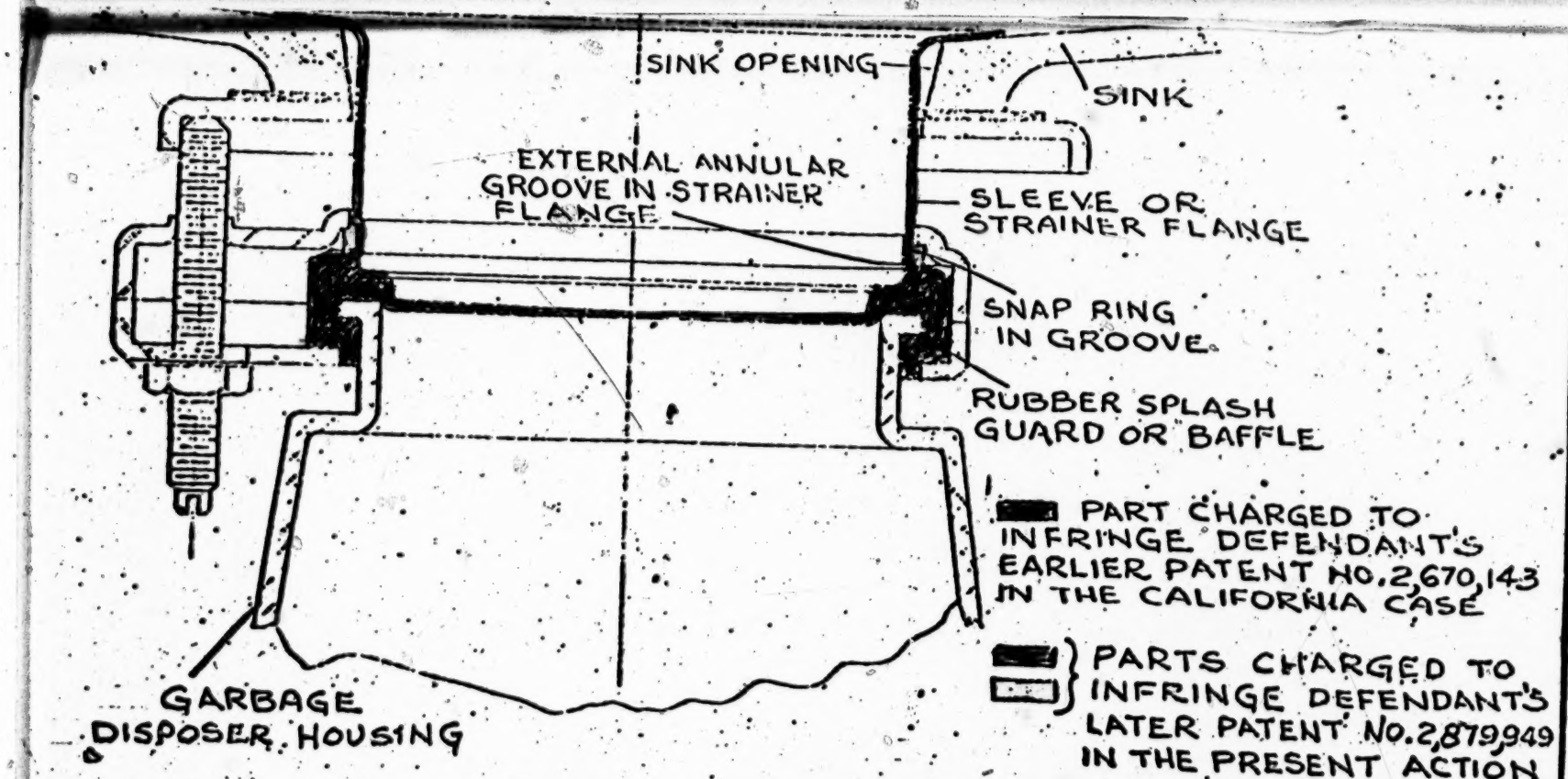
[5] Here this general policy is reinforced by the specific agreement of the parties to dispose not only of the claims actually asserted in the suits but also of all claims "arising from any of the facts pleaded," whether asserted as claims for recovery or not. The complaint in the California case charged that In-Sink-Erator "has infringed and is still infringing * * * and has derived unlawful benefits and profits from such infringement, which the plaintiff would otherwise have received," thus charging the manufacture of competing articles or products. The answer and counterclaim in that suit makes repeated descriptive references to the "accused waste disposer units manufactured and sold by" In-Sink-Erator. In the pre-trial conference proceedings in the California suit, Waste King specifically identified the models of In-Sink-Erator disposers that were charged to infringe, and this specification was carried into the judge's pre-trial order, thereby supplementing the pleadings under Rule 9(j) of the local Rules of the United States District Court for the Southern District of California where the order was entered. The elements and features which Waste King now charges constitute infringement of the later Jordan patent were embodied in the In-Sink-Erator disposers charged in the California suit as infringements of the earlier patent. Since the current claim arises from elements of the same device pleaded as infringing in the California suit, it falls within the scope of the agreement

barring claims "arising from any of the facts pleaded" in that suit.

[6] No other reading of the agreement would give any reasonable meaning to that clause. It is common ground between the parties that the agreement is governed by the law of California, which admonishes, "it is * * * the duty of a court to so construe a written instrument as to give force and effect not only to every clause but to every word in it, so that no clause or word may become redundant * * *." *McGaw* v. *Master Craft,* 105 Cal. App. 2d 304, 233 P. 2d 185 (1951).

[7] Although no offense to the parol evidence rule is involved in the consideration of documents which, like the court records here, are specifically incorporated by reference into the agreement of the parties, it is conceded that no evidence of prior or contemporaneous understandings or negotiations may be received to alter or vary the terms of the written agreement. See *In re Gaines' Estate,* 15 Cal. 2d 255, 100 P. 2d 1055 (1940). No question is raised, therefore, concerning the exclusion of the defendant's proffered evidence within this rule.

Since the release constitutes a bar to the assertion of the defendant's claim of infringement, it is unnecessary to proceed to trial on the issues presented by Count I of the complaint or by the counterclaim. A final judgment order is accordingly entered herewith. In accordance with the provisions of Rule 52 of the Federal Rules of Civil Procedure, this memorandum embodies the court's findings of fact and conclusions of law.


SINK OPENING
SINK
EXTERNAL ANNULAR GROOVE IN STRAINER FLANGE
SLEEVE OR STRAINER FLANGE
SNAP RING IN GROOVE
RUBBER SPLASH GUARD OR BAFFLE
PART CHARGED TO INFRINGE DEFENDANT'S EARLIER PATENT NO. 2,670,143 IN THE CALIFORNIA CASE
PARTS CHARGED TO INFRINGE DEFENDANT'S LATER PATENT NO. 2,879,949 IN THE PRESENT ACTION
GARBAGE DISPOSER HOUSING

TOLERENCES ON DIMENSIONS UNLESS OTHERWISE SPECIFIED
ANGULAR ± 30' FRACTIONAL ± .010 DECIMAL ± .005

SUPERSEDES NO.

SUPERSEDED BY NO.

SEE CHANGE NOTICE FOR MORE DETAILS

NO.	DATE	NAME	NO. OF NOTICE
8			
7			
6			
5			
4			
3			
2			
1			

IN-SINK-ERATOR MANUFACTURING CO.
RACINE, WISCONSIN

MOUNTING ASS'Y

SCALE FULL	MATERIAL ✓	
DATE JULY 5, 1956	DRAWN BY J. T.	DRAWING NO. 77-5110
APP'D. [illegible]	CHK'D.	

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IN THE

Supreme Court of the United States

October Term, 1965.
No.....

IN-SINK-ERATOR MANUFACTURING COMPANY,
Petitioner,

vs.

WASTE KING CORPORATION,
Respondent.

Respondent's Brief in Opposition to Petition for Writ of Certiorari.

To the Supreme Court of the United States:

A. OPINIONS BELOW.

The opinion of the Trial Court appears at R. 320.* The opinion of the Court of Appeals for the Seventh Circuit appears in the Appendix to the Petition (p. 21) and is reported at 145 U.S.P.Q. 441. No petition for rehearing was filed by Petitioner in the Court of Appeals.

B. STATEMENT OF JURISDICTION.

Petitioner invokes the jurisdiction of this Court under Title 28, U.S.C., Section 1254(1).

*All references to the record "R" are to "Appendix to Brief for Defendant Appellant" in the Court of Appeals, unless otherwise noted.

C. COUNTERSTATEMENT OF THE CASE.

This is a routine action for a declaratory judgment as to the validity of United States Letters Patent No. 2,879,949 and its infringement by Petitioner, Plaintiff In-Sink-Erator Manufacturing Co. [Complaint, R. 1], (hereinafter referred to as "In-Sink-Erator"). Defendant Waste King Corporation (hereinafter referred to as "Waste King") is the exclusive licensee under said Letters Patent with the right to prosecute suits for infringement thereof [R. 321]. Defendant Waste King counterclaimed for such infringement by plaintiff In-Sink-Erator.

One of the issues raised by Plaintiff's Complaint was whether Defendant was barred and estopped from prosecuting any action against Plaintiff for infringement of patent No. 2,879,949 by reason of an earlier *written agreement* between the parties [Complaint, Paragraphs 18 and 19, R. 2-3]. Upon the motion of the Plaintiff, the District Court, acting under Rule 42(b) of the Rules of Civil Procedure, ordered a separate trial on such contract issue. On May 28, 1964, after such trial, the District Court entered judgment in favor of Plaintiff on the contract issue alone [R. 325]. The Court of Appeals reversed this judgment and remanded the case to the District Court for trial on the primary patent infringement issues.

The only patent involved in any way in this action is said No. 2,879,949 in suit (hereinafter referred to as the '949 patent). There has been no adjudication below as to either the validity or infringement of said single patent in suit. Petitioner's Statement [Petition, p. 21] that: "The District Court had granted the petitioner injunctive relief barring respondent from prose-

cuting successively or one after another actions for patent infringement against the petitioner based upon different patents owned by the respondent. . . ." is patently misleading, as any reading of the judgment [R. 325] will demonstrate. This judgment is plainly limited in effect to patent No. 2,879,949 in suit, and has no reference to any other patent or patents.

The sole issue below was whether the written settlement Agreement dated March 29, 1962 [PX-1,* R. 124], between the parties bars the defendant Waste King from prosecuting an action or actions against plaintiff In-Sink-Erator for infringement of said patent No. 2,-879,949 here in suit.

Such settlement Agreement of March 29, 1962 [PX-1, R. 124] resulted from and contemplated the termination of two earlier actions between the same parties: (a) an action in the District Court of Wisconsin in which Waste King sued In-Sink-Erator for royalties due under a patent license, and damages for breach by In-Sink-Erator of such license, sometimes referred to in this action as the "Wisconsin case [or 'suit']"; and (b) an action in the Southern District of California by Waste King for infringement by In-Sink-Erator of another patent, No. 2,670,143 (hereinafter referred to as the "'143 patent") [R. 321], sometimes referred to herein as the "California case [or 'suit']."

The District Court found as a fact that the California and Wisconsin suits "were disposed of without adjudication [R. 322]." The California suit was disposed of by a stipulated dismissal *without prejudice,* a certified

---

*Plaintiff's exhibits, for brevity, are referred to as "PX" followed by their number in the District Court.

copy of such dismissal being printed as "Appendix A" at the end of this brief.

The '949 patent here in suit issued on March 31, 1959 [R. 131]. The California case for infringement of the earlier '143 patent was filed on March 30, 1959.* Consequently, Waste King's claim for infringement of the '949 patent could not possibly have been included as a claim for relief in the original complaint in the California case. Such claim for infringement of the '949 patent did not arise until *after* the California case was filed. Whether it could, would, or should have been added to the issues of such California case is purely speculative.

D. QUESTION PRESENTED.

Although the Petition (pp. 11-13) states *five* alleged "questions", actually there is only *one* question presented by the Petition, as follows:

> Should the Supreme Court of the United States grant certiorari merely to review the interpretation by the Courts below of a written agreement (the settlement Agreement of March 29, 1962) between private litigants, which involves no public question?

We suggest that the judicial interpretation of a written settlement agreement between private litigants, such as here, involves no "special and important reasons" for issuing a Writ of Certiorari, as required by Rule 19 of this Court.

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*Appearing as Defendant's Exhibit C, p. 48, of Brief and Argument of Defendant-Appellant in the Court of Appeals.

E. THE ARGUMENT.

(a) Petitioner's "Questions" 1, 2, and 3 Were Presented Below.

The first three "Questions Presented" by the Petition [pp. 11-12], were not pleaded or presented, in substance or effect, in either of the Courts below. This Court has repeatedly refused to consider questions not raised below:

See:

McCullough v. Kammerer Corp., 323 U.S. 327, 65 S. Ct. 297, 89 L. Ed. 273;

Sonzinsky v. United States, 300 U.S. 506, 57 S. Ct. 554, 81 L. Ed. 772, 776;

Helvering v. Tex-Penn Oil Co., 300 U.S. 481, 57 S. Ct. 569, 81 L. Ed. 755, 766;

Burnet v. Commonwealth Improv. Co., 287 U.S. 415, 418, 53 S. Ct. 198, 77 L. Ed. 399, 402;

Duignan v. United States, 274 U.S. 195, 200, 47 S. Ct. 566, 71 L. Ed. 996, 1000.

The only question presented below was, as stated by District Judge Hoffman [R. 320]:

> "The controlling question in this action concerns the interpretation and application of an agreement of compromise and settlement which disposed of prior litigation between these parties."

No question was raised below by In-Sink-Erator as to whether Waste King could or should have added its claim for infringement of the '949 patent here in suit to the issues of the California case.

We suggest that the Petition, as to "Questions" 1, 2, and 3 should be denied on the ground that petitioner now attempts for the first time to raise such questions in this Court which were not raised below.

(b) Petitioner's "Questions" 4 and 5 Are Not Cognizable in This Court.

Petitioner's "Questions" 4 and 5 [pp. 12-13] relate only to the interpretation of the release provisions of the written Agreement [PX-1, R. 124] between the parties, who are merely private litigants.

Neither question so posed by Petitioner presents any of the grounds suggested by Rule 19 of this Court, and, in particular:

(a) Neither involves any conflict of the decision of the Court of Appeals with that of any other court;

(b) Neither involves any question of Federal law (both relating only to the interpretation of a written agreement under California law);

(c) Neither involves any conflict between the decision of the Court of Appeals and any decision of this Court; and

(d) Neither even suggests that the Court of Appeals decision has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's supervisory power.

By such Questions 4 and 5, the Petitioner, in effect, merely complains that the Court of Appeals interpreted the release provisions of the written Agreement of March 29, 1962 [PX-1, R. 124] differently than did the District Court.

(c) Petitioner's "Reasons" Do Not Support the Petition.

We respectfully submit that Petitioner's "Reasons Relied upon for the Granting of the Writ [pp. 15-19]" do not, in fact, support the Petition.

"Reason" 1 [pp. 15-16] is, in effect, that the decision of the Court of Appeals below "involves a question of great public importance in patent litigation and is in direct conflict with the decisions of other courts."

We know of no authority that the interpretation of a written settlement agreement between private litigants (as here) involves any question of "public importance", and Petitioner cites no authority for such proposition.

As to the alleged conflict of decisions, we suggest that, clearly there is none.

The cases relied upon by the Petition are all clearly distinguishable on their facts and law involved.

Buchanan v. General Motors Corp., 158 F. 2d 728 (C.C.A. 2d), involved merely the *res judicata* effect of a prior *judgment* between the same parties.

Similarly, *Chicot County Drainage District v. Baxter State Bank*, 308 U.S. 371 (1940), and *Angel v. Bullington*, 330 U.S. 183, involved merely the *res judicata* effect of a prior *judgment* between the same parties.

All of Petitioner's cited cases under "Reason" 1, involved the doctrine of *res judicata* by a former judgment. The California suit did not even go to trial, much less to any judgment. Consequently, there can be no conflict between such decisions and the decision of the Court

of Appeals below which merely interprets a written settlement agreement between the parties and which did not in any way involve *res judicata.*

Obviously, there can be no estoppel by judgment if there has been no judgment, as in the California suit.

The California suit was dismissed *without prejudice* by stipulation of the parties thereto and hereto [*See:* "Exhibit A" at end of this brief]. It is clearly established in the law that such a dismissal *without prejudice* affects no right or remedy of either party to the action:

See:

17 American Jurisprudence, Dismissal, §100, p. 168;

Annotation in 149 A.L.R. 553, and cases cited.

The dismissal *without prejudice* in the California case could not affect the right of either party to reassert against the other any claim made therein, or to assert any other claim (such as In-Sink-Erator's infringement of the '949 patent here in suit) which it might have had against the other. If either of the parties have any rights with respect to such claims they derive solely from the settlement Agreement of March 29, 1962 [PX-1, R. 124].

"Reason" 2 of the Petition [pp. 16-17] likewise asserts a conflict between the decision of the Court of Appeals below and decisions of other courts. The cases cited by the Petition, however, are clarly distinguishaable on the facts and law involved from the present action.

Case v. Redfield, 5 Fed. Cas. 258 (C. C. Ind. 1849), merely involved the question as to whether the inclusion

in one complaint of two causes of action for the infringement of two patents was demurrable, and the Court overruled the demurrer, merely holding that it was proper to join both claims for relief in a single Complaint. It involved merely the propriety of such joinder, not any failure to join such claims for relief in one action.

Similarly, *Harper v. Holman,* 84 Fed. 222 (C.C. Pa. 1897), merely involved the question as to whether the joinder in one complaint of several claims for infringement of several copyrights was demurrable, and the Court overruled the demurrer, merely holding that such joinder was proper in that case. It did not involve any failure to join separate claims for relief.

Similarly, *Hayes v. Dayton,* 8 Fed. 702 (C.C. N.Y. 1880), merely involved the propriety of the joinder of claims of infringement of six separate patents in one complaint, and the Court sustained the demurrer on the ground of "multifariousness." It did not involve any failure to join separate claims for relief.

None of such cases relied upon by Petitioner involved any failure to join in one action separate claims for infringement of separate patents, or other relief. Moreover, none of such cases involved the interpretation of a written settlement agreement, as here. Consequently, it is plain that none of such decisions is in any way in conflict with that of the Court of Appeals below.

As to its "Reason" 3 [p. 19], the Petition does not indicate how the decision of the Court of Appeals below is in any way in conflict with Rule 8(f) of the Rules of Civil Procedure, and cites no authority for such a contention.

We respectfully submit that none of Petitioner's "Reasons" [pp. 15-19] in fact support the Petition.

(d) Petitioner Failed to Plead Its Present Defense.

Either the Petition contends that defendant WASTE KING is estopped to now assert its '949 patent against plaintiff IN-SINK-ERATOR, by its failure to assert the '949 patent in the earlier Wisconsin or California cases (Petition, Q. 3, p. 12), or we misunderstand Petitioner's contentions and argument.

If such "estoppel" is in fact contended for here by Petitioner as a defense, *it* is estopped to do so because it did not affirmately plead in its Complaint [R. 1-3] such defense, as is required by Rule 3(c) of the Rules of Civil Procedure, as follows:

> "In pleading to a preceding pleading, a party shall set forth affirmatively . . . estoppel, . . . release, *res judicata,* . . . and any other matter constituting an avoidance or affirmative defense. . . ."

Having failed to plead such "estoppel" defense, or raise it below, Petitioner has waived the same by Rule 12(h) of the Rules of Civil Procedure:

> "A party waives all defenses and objections which he does not present either by motion as hereinbefore provided or, if he has made no motion, in his answer or reply. . . ."

(e) The Primary Questions Presented by the Petition Are Moot, and Should Not Be Decided.

It is clearly established that this Court will not answer or decide moot, abstract, or hypothetical questions:

See:

General Talking Pictures Corp. v. Western Electric Co., 305 U.S. 124, 59 S. Ct. 116, 84 L. Ed. 81;

Smiley v. Holm, 285 U.S. 355, 52 S. Ct. 397, 76 L. Ed. 795, 805.

As to "Questions 1 and 2" of the Petition [pp. 11-12], there is no evidence in the record here that respondent WASTE KING owns any "'block of patents." The evidence here is merely that respondent WASTE KING is the exclusive licensee under two patents, *i.e.*, the '143 patent involved in the California suit, and the '949 patent involved in this action. Furthermore, as pointed out above, the '949 patent had not issued when the California suit on the '143 patent was filed.

Similarly, as to "Question 3" of the Petition [p. 12] there is no evidence here that WASTE KING owned either the '143 or '949 patents referred to, it being merely an exclusive licensee thereunder. This "Question" also is moot because the California suit was dismissed *without prejudice* and could not operate as an estoppel, as pointed out above.

As to "Question 4" of the Petition [p. 12], there is no evidence here that "the specific patent there in suit [*i.e.*, the '143 patent]" was directed "to only a minor part of a commercial device."

As to "Question 5" of the Petition [pp. 12-13], there is no evidence in this record that the decision of

the Court of Appeals worked any "manifest injustice" on Petitioner. There is no evidence in this record that such exhibits were, in fact, "facts pleaded" within the meaning of the Agreement of March 29, 1962 between the parties.

All of the questions suggested by the Petition are moot, hypothetical, and abstract, and, we suggest, the Court should therefore decline to answer them.

Conclusion.

It is respectfully submitted that the Petition involves merely the interpretation of a private written agreement between private litigants, involves no public issues, Federal questions, conflict of decisions, or any other "special" or "important" reason justifying the grant of a writ of certiorari by this Court. We further suggest that the "questions" presented by the Petition are merely hypothetical and abstract, are not supported by the record, and therefore do not merit the consideration of this Court.

On the record in this action, the Court of Appeals correctly interpreted the intent of the parties as to the settlement agreement between them, which is the only real question presented by the Petition. However, we would not have the temerity to argue that issue at this time.

We submit that the Petition should be denied.

Dated: August 6, 1965.

Respectfully submitted,

FORD W. HARRIS, JR.,
Attorney for Respondent.

APPENDIX.

Stipulation of Dismissal.

In the United States District Court, Southern District of California, Central Division.

Waste King Corporation, a corporation, Plaintiff, vs. In-Sink-Erator Manufacturing Co., a corporation, Defendant. Civil Action No. 291-59-K.

Pursuant to Rule 41(a)(1) of the Rules of Civil Procedure, the parties to the above-entitled action, through their respective attorneys, having independently settled the same, stipulate to the dismissal of said action, and hereby dismiss said action, without prejudice, costs or attorneys fees to either party.

Dated: March 29, 1962.

Harris, Kiech Russell & Kern
By Ford Harris, Jr.
Ford Harris, Jr.
Attorneys for Plaintiff

Lyon & Lyon
By R. Douglas Lyon
Charles B. Cannon
Charles B. Cannon
Attorney for Defendant

(Seal)

IT IS SO ORDERED.

DATED 4/2/62

/s/ Fred Kunzel
United States District Judge

I hereby attest and certify on Aug. 4, 1965 that the foregoing document is a full, true and correct copy of the original on file in my office, and in my legal custody.

John A. Childress
Clerk, U.S. District Court
Southern District of California
By Ralph A. Klein Deputy

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1964.

No. 340

IN-SINK-ERATOR MANUFACTURING COMPANY,
Petitioner,

vs.

WASTE KING CORPORATION,
Respondent.

PETITIONER'S REPLY BRIEF.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965.

No. 340.

IN-SINK-ERATOR MANUFACTURING COMPANY,
Petitioner,

vs.

WASTE KING CORPORATION,
Respondent.

PETITIONER'S REPLY BRIEF.

Petitioner has heretofore filed a petition for a writ of certiorari to the United States Court of Appeals for the Seventh Circuit from the judgment of that court, which, by a divided court, held, in effect, that a patent owner owning a block of patents, all relating to different parts of one and the same commercial device (electric kitchen garbage disposers), may sue a competitor successively on each of such patents.

Respondent has filed its brief in opposition to the petition for a writ of certiorari and the present brief of the petitioner is in reply thereto.

The facts involved in this matter are adequately set forth in the petition and need not be repeated here.

Hence, this reply brief will be confined to an answer to certain statements made in respondent's brief in opposition to the petition for a writ of certiorari and which are not specifically covered by the petition.

1.

RESPONDENT'S CONTENTION (RB 11-12)* THAT IT DOES NOT OWN A BLOCK OF PATENTS IN THE FIELD OF ELECTRICAL GARBAGE DISPOSERS IS COMPLETELY ERRONEOUS.

In its brief (RB 11-12) respondent seeks to avoid one of the principal contentions advanced by the petitioner in support of its petition, namely, that the respondent is in this case attempting to assert successively a block of patents which it owns on electric garbage disposers. Thus, the respondent makes the following completely erroneous statement (RB 11):

> "As to 'Questions 1 and 2' of the Petition (pp. 11-12), there is no evidence in the record here that respondent WASTE KING owns any 'block of patents'. The evidence here is merely that respondent WASTE KING is the exclusive licensee under two patents, i.e., the '143 patent involved in the California suit, and the '949 patent involved in this action. Furthermore, as pointed out above, the '949 patent had not issued when the California suit on the '143 patent was filed."

That the first sentence of the above-quoted statement is completely erroneous is shown by an agreement introduced by the petitioner in the trial court, and which was also involved in the earlier California case between the parties. This agreement was a so-called "Memorandum of Agreement" between the respondent and Given Machinery Company, a co-partnership, which was executed October 9,

* All references herein to the Respondent's Brief are designated "RB".

1959 (as of December 18, 1947) and appears in the record of this case (DA* 140-41, PX** 28). Paragraph 1 of this agreement lists sixteen (16) patents and six applications owned or controlled by the respondent as follows:

> "1. Waste King has, and during the continuance of the Prior Written Agreement shall have, the sole and exclusive right and license, and the exclusive right to grant sublicenses, under any and all Letters Patent and applications therefor owned or hereafter acquired by Given Machinery *which relate to garbage or waste disposal devices or parts thereof,**** including, but not limited to, United States Letters Patent No. 2,442,812; No. 2,536,372; No. 2,603,328; No. 2,664,247; No. 2,670,-137; No. 2,670,143; No. 2,730,308; No. 2,760,728; No. 2,760,730; No. 2,785,863; No. 2,785,864; No. 2,847,683; No. 2,851,224; No. 2,858,989; No. 2,860,836; No. 2,879,-949, and applications therefor Serial No. 337,392 (filed February 20, 1953); No. 458,564 (filed September 27, 1954); No. 576,410 (filed April 5, 1956); No. 630,631 (filed December 26, 1956); No. 698,566 (filed November 25, 1957); and No. 814,639 (filed May 20, 1959), herein referred to collectively as the 'Jordan Patents.' "

One of the patents referred to in the block of patents and applications owned or controlled by the respondent, as set forth in Paragraph 1 of the agreement, as quoted above, is patent No. 2,879,949 here in suit, which issued March 31, 1959, just one day after the filing of the complaint in the prior California action between the parties. Hence, the '949 patent here in suit could have been readily joined in that action by an amended or supplementary complaint had the respondent wished to do so.

It is thus apparent that the respondent's contention that there is no evidence of record in this case to show that it

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* All references herein to that part of the record of this case which is Defendant's Appendix are designated as "DA".

** All references to Plaintiff's Exhibits herein are designated as "PX".

*** All emphasis herein has been supplied.

"owns" a block of patents in the field of electric garbage disposers is a completely erroneous statement of fact.

Moreover, it is submitted that the ownership or control by respondent (as of October 9, 1959) of some sixteen (16) patents and six pending applications in the relatively small and narrow field of electric garbage disposers or parts thereof necessarily carries with it inherent monopolistic power in this relatively small and limited industry.

Furthermore, this petition presents issues of major significance to the commercial endeavor of the nation, far beyond the benefit of the particular litigants. The special and important reasons advanced for the issuance of the writ involve a problem far beyond the academic or the episodic. *Cf., Rice* v. *Sioux City Memorial Park Cemetery,* 349 U. S. 70, 99 L. ed. 897, 901 (1954).

What is presented to the Court by this petition is yet another form of patent misuse resulting from successive charges of infringement on patents all relating to the same commercial device. Compare, *U. S.* v. *Besser Mfg. Co.,* 96 F. Supp. 304 (ED. Mich. 1951), *aff'd.,* 343 U. S. 444, 96 L. ed. 1063 (1952); *Kobe, Inc.* v. *Dempsey Pump Co.,* 97 F. Supp. 342 (N. D. Okla. 1951), *aff'd.,* 198 F. 2d 416 (10th Cir. 1952), *cert. den.* 344 U. S. 837, 97 L. ed. 651 (1952). The purpose of the seriatim institution of infringement suits is, of course, an unjustified and "unnecessary harassment" and financial extortion of a sort which has not recently escaped the notice of this Court. See *Aro Mfg. Co., Inc.* v. *Convertible Top Replacement Co., Inc.,* 377 U. S. 476, 12 L. ed. 2d 457, 490 (1964).

While petitioner believes the sound precedent of this Court was ignored by the Court of Appeals for the Seventh Circuit, justifying the writ for that reason alone, it also asserts that the decision, if not disturbed, will permit the holders of a variety of issued patents on the

same commercial device, whether valid or not, to wreak financial havoc upon smaller competitors by the institution of successive infringement suits, the expense of which cannot be borne by the individual manufacturers so sued. See S. Rep. No. 1464, 84th Cong., 2d Sess. 5 (1956), and the early federal cases of *Harper* v. *Holman*, 84 Fed. 222, 224 (C. C. E. D. Penn., 1897); *Hayes* v. *Dayton*, 8 Fed. 702, 704 (C. C. S. D. N. Y. 1880); *Case* v. *Redfield*, 5 Fed. Cas. 258, 259 (C. C. D. Ind. 1849).

Petitioner asks equity not to sit idly by while this misuse of the patent monopoly "thwarts the public policy underlying the grant of the patent". *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U. S. 488, 86 L. ed. 363, 366 (1942).

2.

RESPONDENT'S CONTENTION (RB 11) THAT THERE IS NO EVIDENCE IN THIS CASE THAT IT OWNED THE '143 PATENT INVOLVED IN THE PRIOR ACTIONS BETWEEN THE PARTIES OR THE '949 PATENT HERE INVOLVED IS ALSO COMPLETELY ERRONEOUS.

At RB 11 the respondent, in a further attempt to avoid a fundamental contention raised by the petition, makes the following completely erroneous statement:

> "Similarly, as to 'Question 3' of the Petition (p. 12) there is no evidence here that WASTE KING owned either the '143 or '949 patents referred to, it being merely an exclusive licensee thereunder."

However, in the Given-Waste King agreement of October 9, 1959, referred to above, namely, PX 28 (DA 140-41) the following statement appears as Paragraph 2:

> "2. Waste King has, and during the continuance of the Prior written agreement shall have, *the sole and exclusive right to institute and maintain legal actions for infringement of the Jordan Patents, or any*

of them, and to collect damages for past and future infringement thereof."

Moreover, this agreement was introduced by the respondent in the earlier California action between the parties to establish the respondent's right to bring and maintain that action without joining its licensor, Given Machinery Company, a co-partnership, and after a separate trial on this issue in the California action the position of the respondent relative thereto was upheld (Memorandum of Decision by Judge James M. Carter dated September 28, 1961 (PX 27, DA 148-156)).

Furthermore, the respondent's counterclaim for alleged infringement of the '949 patent in the action below was predicated upon the respondent's admitted ownership of an exclusive right to manufacture, sell, and use the alleged improvements of the '949 patent together with the right to bring suit thereon, which is "ownership" of all of the legal rights granted under the patent and hence is, in legal effect, ownership of the patent itself. *Waterman* v. *Mackenzie,* 138 U. S. 252; 34 L. Ed. 923; 11 S. Ct. 334.

Hence, it is apparent that the respondent's contention that there is no evidence in this case to show that it "owned" either the '143 or the '949 patent is completely erroneous.

3.

RESPONDENT ALSO ERRONEOUSLY CONTENDS (RB 11) THAT THERE IS NO EVIDENCE TO SHOW THAT THE '143 PATENT INVOLVED IN THE PRIOR ACTIONS BETWEEN THE PARTIES WAS DIRECTED TO ONLY A MINOR PART OF A COMMERCIAL DEVICE.

In a further attempt to avoid the petition respondent also erroneously contends in its brief (RB 11) that:

> "As to 'Question 4' of the Petition (p. 12), there is no evidence here that 'the specific patent there in suit (i.e., the '143 patent), was directed 'to only a minor part of a commercial device'."

That this contention of the respondent is likewise erroneous is clearly shown by a number of specimens of petitioner's alleged infringing garbage disposers, or parts thereof, which were charged with infringement of the '143 patent in the California case, and with infringement of the '949 patent in the action below, (PX 35 (DA 177); PX 36 (DA 176-177; PX 37 (DA 177); PX 38 (DA 177); PX 39 (DA 177); PX 40 (DA 176); PX 41 (DA 177); and PX 42 (DA 176)); as well as by drawings of petitioner's alleged infringing devices which were also of record in the prior California case, and in the action below, (PX 4 (DA 109 and 172); PX 7 (DA 119; PX 5 (DA 120); and PX 6 (DA 123)), and also by petitioner's 1959 brochure (PX 3, DA 97-108), all of which clearly show that the so-called splash guard of respondent's '143 patent, which was involved in the earlier California and Wisconsin cases between the parties, relates to and is directed to only a minor part of the commercial electric garbage disposers of the parties, here involved.

Hence, this argument of the respondent is likewise completely erronous and without merit.

4.

RESPONDENT IS LIKEWISE IN ERROR IN CONTENDING THAT THERE IS NO EVIDENCE IN THIS CASE TO SHOW THAT THE DECISION OF THE COURT OF APPEALS HAS WORKED ANY MANIFEST INJUSTICE ON THE PETITIONER OR THAT THE EXHIBITS IN THE CALIFORNIA CASE WERE FACTS PLEADED WITHIN THE MEANING OF THE SETTLEMENT AGREEMENT OF MARCH 29, 1962.

At RB 11-12 the respondent makes the following erroneous statement:

> "As to 'Question 5' of the Petition (pp. 12-13), there is no evidence in this record that the decision of the

> Court of Appeals worked any 'manifest injustice' on Petitioner. There is no evidence in this record that such exhibits were, in fact, 'facts pleaded' within the meaning of the Agreement of March 29, 1962 between the parties."

In response to the first part of this contention it is deemed sufficient to state that the decision of the Court of Appeals has worked a manifest injustice on the petitioner in that, among other things, it has, in effect, set aside the protection afforded the petitioner by the release provisions of Par. 3 of the settlement agreement of March 29, 1962 between the parties (PX 1, DA 124-127), upon which the petitioner relied in entering into the agreement, and in agreeing to a dismissal without prejudice of the complaint in the prior California action between the parties.

In response to the second part of this erroneous contention by the respondent, the court's attention is invited to the petition (pages 1-10) wherein it is clearly shown that the exhibits embodying or illustrating petitioner's garbage disposers now charged by the respondent to infringe the '949 patent, in suit, were among the "facts pleaded" in the Pre-Trial Conference Order in the prior California action.

Suffice it to add, in further reply to this contention by the respondent, as the District Court properly held in its decision (DA 324):

> "Since the current claim arises from elements of the same device pleaded as infringing in the California suit, it falls within the scope of the agreement barring claims 'arising from any of the facts pleaded' in that suit."

The Court of Appeals admitted in its decision that the Pre-Trial Conference Order of the California District Court was a *pleading*. But the Court held the proposed exhibits listed in that Order pursuant to Pre-Trial Con-

ference Rule 9 (j) of the Rules of the United States District Court for the Southern District of California, did not thereby become "facts pleaded" in the action. Once the Court made that negative determination it found little further difficulty in holding that the compromise settlement of the Wisconsin and California litigation was no bar to the later claim of infringement of the same commercial devices listed as exhibits in the California Pre-Trial Conference Order.

Petitioner contends that in so construing the Pre-Trial Conference Order, the Court of Appeals is in conflict with the holding of *Clark* v. *U. S.*, 13 F. R. D. 342, 344 (D. Ore. 1952), cited by Hon. A. Sherman Christenson in paper entitled "The Pre-Trial Order" given at the "Seminar on Precedures of Effective Judicial Administration" at the Southwestern Legal Center, Dallas, Texas, 29 F. R. D. 191, 362, 368 (1961), and, in particular, ignored the holding of *U. S.* v. *Hougham*, 364 U. S. 310, 5 L. ed. 2d 8, 14 (1960):

> ". . . That pretrial order, as authorized by Rule 16, conclusively established the issues of fact and law in the case and declared that the issues so established should 'supplement the pleadings and govern the course of the trial . . .' One of these supplementary issues was the Government's contention that it was entitled to recover under § 26(b)(2), rather than under § 26(b)(1) as claimed in the Second Amended Complaint. Thus the pretrial order changed the claim in that complaint from § 26(b)(1) to § 26(b)(2) insofar as the Government had the power to change its election, and pose an issue which required adjudication by the District Court. That such was the effect of the order is clear from the language of Rule 16 which provides that the court, after pretrial conference, 'shall make an order which recites . . . the amendments allowed to the pleadings . . . and such order when entered controls the subsequent course of the action, unless modified at the trial to prevent manifest ininjustice.' . . ."

The effect of the decision of the Court of Appeals that exhibits listed in a pre-trial conference order do not amount to "facts pleaded" is to virtually emasculate Rules 16 and 8(f), of the Federal Rules of Civil Procedure. Petitioner requests this Court to prevent such an erroneous and unjust result.

5.

THE CASES AND OTHER AUTHORITIES RELIED UPON BY THE RESPONDENT DO NOT SUPPORT ITS POSITION AND ARE INAPPLICABLE TO THE FACTS IN THE PRESENT CASE.

At RB 5 the respondent cites five (5) decisions of this court in an attempt to show that the questions presented in the petition were not considered in the action below.

It is deemed unnecessary to review in detail all of these cases for the reason that the record in this case clearly shows that the questions presented by the petition were considered by the court below, and particularly by the District Court.

Thus, for example, the District Court in discussing the controversy existing between the parties and as supposedly resolved by the settlement agreement of March 29, 1962 (PX 1, DA 124-27) stated, in part, as follows (DA 323):

> "Broadly summarized, these provisions reflect a mutual purpose of the parties to settle all points of controversy between them, and to allow each to continue its business as then carried on, without concern about the other's patents or other claims."
>
> • • • • •
>
> "Here this general policy is re-inforced by the specific agreement of the parties to dispose not only of the claims actually asserted in the suits but also of all claims 'arising from any of the facts pleaded', whether asserted as claims for recovery or not."

It is thus apparent that the questions presented in the petition herein were considered by the courts below, and particularly by the District Court, and that the decisions cited and relied upon by the respondent (RB 5) are inapplicable to the facts in this situation.

6.

THE DISMISSAL OF THE COMPLAINT IN THE CALIFORNIA ACTION WITHOUT PREJUDICE IN NO WAY AFFECTS OR DETRACTS FROM THE SCOPE OF THE RELEASE GRANTED THE PETITIONER AND SHOWS THAT IN AGREEING TO SUCH A DISMISSAL WITHOUT PREJUDICE THE PETITIONER RELIED UPON THE PROTECTION AFFORDED TO IT BY THE RELEASE PROVISIONS OF THE SETTLEMENT AGREEMENT OF MARCH 29, 1962 (PX 1, DA 124-27).

At RB 8 the respondent contends that since the complaint in the prior California action was dismissed without prejudice petitioner has no standing to seek relief in this court as to the '949 patent here involved.

It is respectfully submitted, however, that the dismissal of the California action without prejudice in no way affects or detracts from the scope of the release granted by the respondent to the petitioner under the settlement agreement of March 29, 1962 (PX 1, DA 124-27) and shows that in agreeing to a dismissal of the complaint in the prior California action without prejudice the petitioner relied upon the protection afforded to it by the release provisions of Par. 3 of the settlement agreement of March 29, 1962 between the parties (PX 1, DA 124-27).

This is for the reason that the petitioner would not have agreed to the dismissal of the complaint in the prior California action without prejudice had it not relied upon the belief that the scope of the release granted to the petitioner under the settlement agreement of March 29, 1962 (PX

1, DA 124) was such that the respondent could not at any time in the future assert any claim or action against the petitioner based upon any of the facts pleaded in the Pre-Trial Conference Order in the California case and which, as pointed out above, included the same commercial garbage disposers of the petitioner embodying parts now charged to infringe the '949 patent.

Hence, rather than showing that the dismissal of the complaint in the prior California action without prejudice bars the petitioner from the relief here sought, it is submitted that the dismissal of the complaint in that action without prejudice clearly shows that the petitioner relied upon the scope of the release granted under the settlement agreement of March 29, 1962 (PX 1, DA 124-27) in agreeing to dispose of the California action by dismissal without prejudice, subject to the release provisions of the settlement agreement.

Moreover, the authorities cited by the respondent in support of its contention in this regard (RB 8) have no application to the specific facts including the settlement agreement and included release here involved.

While the Court of Appeals did not apply the doctrine of *res judicata* to the agreement settling the California and Wisconsin infringement suits, District Judge Hoffman did. He thereby followed the reasoning of this Court in *Oglesby* v. *Attrill,* 105 U. S. 605, 26 L. Ed. 1186, 1188 (1882):

> "... No allegations of fraud, in addition to those made at the settlement, can prevent the compromise from having effect as a judgment thereon. It may, indeed, by a direct proceeding instituted for that purpose, be rescinded for fraud, but it cannot, any more than any other judgment, be attacked collaterally. ..."

Because the settlement agreement is to be considered as a judgment, its conclusive effect was of more weight than the Seventh Circuit accorded it. Their decision is not

square with the notion that, to prevent unnecessary litigation, a party should be required to raise all factors in its favor in the first suit, or be estopped from doing so in later related litigation. See *Developments in the Law—Res Judicata,* 65 Harv. L. Rev. 818, 841 (1952).

In permitting the respondent to charge infringement of one patent, collect $75,000 therefor, and five months later charge infringement of another patent on an item directly adjacent to the first patented item on the same garbage disposer, the Court of Appeals encouraged the splitting of an action to secure results never tolerated by this Court. *Miller* v. *The Eagle Mfg. Co.,* 151 U. S. 186, 38 L. Ed. 121, 128, 129 (1894). One bite out of the patented apple is all the holder is permitted. See, by analogy, *Aro Mfg. Co., Inc.* v. *Convertible Top Replacement Co., Inc.,* 377 U. S. 476, 12 L. Ed. 2d 457, 476 (1964):

> "... In sum, AB obtained its reward for the use of the patented structures under the terms of the agreement with Ford; CTR cannot obtain from Aro here another reward for the same use."

The antimonopoly policy of the Court expressed in the general area of combination patents, is applicable to the practices of respondent.

7.

PETITIONER'S CLAIM OF ESTOPPEL IS BASED UPON THE RELEASE PROVISIONS OF THE SETTLEMENT AGREEMENT OF MARCH 29, 1962 (PX 1, DA 124-27) AND IS FULLY ASSERTED IN COUNT II OF THE FIRST AMENDED COMPLAINT (PAR. 19, DA 3). HENCE, RESPONDENT'S ARGUMENT AS TO ESTOPPEL (RB 10) IS WITHOUT MERIT AND COMPLETELY AVOIDS PETITIONER'S POSITION.

At RB 10 respondent contends that petitioner is now precluded from asserting the defense of estoppel under the provisions of Rule 3(c) and 12(h) of the Rules of Fed-

eral Civil Procedure because (allegedly) petitioner did not assert the defense of estoppel in its First Amended Complaint in the present action.

This argument by the respondent is without merit and completely ignores the petitioner's position as to estoppel which is based upon the contention that the respondent is now estopped to assert the '949 patent against the petitioner, as the District Court correctly found (Judgment Order, DA 325-27), by reason of the release provisions of Par. 3 of the settlement agreement of March 29, 1962 (PX 1, DA 124).

Moreover, petitioner's position as to estoppel is clearly and fully pleaded in Count II of the First Amended Complaint (DA 1-6) and particularly in Par. 19 thereof, in which the petitioner stated as follows:

> "The defendant is estopped to charge the plaintiff herein with infringement of said Letters Patent No. 2,879,949 by reason of the manufacture, sale or use by the plaintiff, or its distributors, dealers or customers, of the aforesaid garbage disposer devices now being manufactured and sold by the plaintiff and which are the same garbage disposer devices which formed a part of the subject matter of said actions, and which were among the facts pleaded in said actions, by reason of the release granted to the plaintiff for any liability as to said garbage disposers under and by virtue of said agreement dated on or about March 29, 1962 between the plaintiff and the defendant herein and as consented to and as approved by the said Given Machinery Company, a co-partnership, as aforesaid;"

It is submitted, therefore, that the respondent's argument as to estoppel (RB 10) is without merit and completely ignores the petitioner's position in this regard.

8.

CONTRARY TO THE RESPONDENT'S CONTENTION (RB 11) THE QUESTIONS PRESENTED BY THE PETITIONER ARE NOT MOOT, ABSTRACT, OR HYPOTHETICAL.

At RB 11 the respondent contends that all of the questions presented by the petitioner are moot, abstract, or hypothetical, and in support of this contention cites two cases in this court with which the petitioner has, in general, no disagreement.

However, contrary to respondent's contention, it is respectfully submitted that the questions presented by the petitioner are not moot, abstract, or hypothetical, but are in fact, very vital and carry with them questions of great importance in relation to patents and concerning the public, as pointed out in the petition, including the abuse of the monopolistic power of a block of patents on one and the same commercial device which results when the patent owner, as here, sues seriatim on different parts of the same commercial device at different times.

The District Judge for the Northern District of Illinois found for petitioner on the authority of this Court expressed in *Hubbell* v. *U. S.*, 171 U. S. 203, 43 L. Ed. 136, 138 (1898):

> ". . .. even if a somewhat different theory or state of facts were developed upon the trial of the second case, the former judgment would not operate the less as an estoppel, since the patentee cannot bring suit against an infringer upon a certain state of facts, and after a dismissal of his action, bring another suit against the same party upon the same state of facts, and recover upon a different theory. The judgment in the first action is a complete estoppel in favor of the successful party in the subsequent action upon the same state of facts."

The Court of Appeals did not consider the import of *Hubbell*, but rather attempted to restrict the terms of the settlement agreement ending the earlier litigation by holding that the reference therein to the patent here in issue was an "extraneous and irrelevant disclosure." There is no justification for such an approach. Patents are not entitled to disparate treatment in the law. When respondent saw fit to release any cause of action based on the "facts pleaded" in the Wisconsin and California litigation, it should have been held to its agreement. As this Court said in a different context in *U. S.* v. *Singer Mfg. Co.*, 374, U. S. 174, 10 L. Ed. 2d 823, 839 (1963):

> "... It is well settled that '[b]eyond the limited monopoly which is granted, the arrangements by which the patent is utilized are subject to the general law,' citing *United States* v. *Masonite Corp.* (316 US 265 at 277), ..."

As stated above, District Judge Hoffman adhered to the holding of the Supreme Court in the *Hubbell* case. The District Court also followed the Second Circuit which had relied upon *Hubbell* in deciding a similar issue. In *Buchanan* v. *General Motors Corp.*, 158 F. 2d 728, 730 (2d Cir. 1947) (involving patent litigation), the Court said:

> "... the usual rule as to the effect of a former judgment in a suit between the same parties on the same cause of action applies here. This is that the judgment is res judicata not only as to all the issues decided but also as to all that could have been. *Snell* v. *J. C. Turner Lumber Co.*, 2 Cir., 285 F. 356. *Plaintiffs may not divide their causes of action and recover by installments.*" [Emphasis supplied.]

The Second Circuit more recently demonstrated the scope of its construction of the doctrine of *res judicata* in *Frost* v. *Bankers Commercial Corp.*, 194 F. 2d 505, 507 (2d Cir. 1952).

The Third Circuit, following the Second and this Court in *U. S.* v. *California and Oregon Land Co.*, 192 U. S. 355, 48 L. Ed. 476 (1904); *Grubb* v. *Public Utilities Commission*, 281 U. S. 470, 74 L. Ed. 972 (1930), has recently decided that a party cannot "prosecute his claim piecemeal by presenting to the Court a part of his grounds and reserving others for another day . . . An individual should not be vexed twice for the same cause. . . ." *Flood* v. *Besser Co.*, 324 F. 2d 590, 591 (3rd Cir. 1963).

Thus the equitable doctrine of estoppel by the judgment effect of the compromise settlement, was relied upon by the District Court and rejected by the Court of Appeals. We think this amounted to the rendition of a judgment on a question involving Federal patent law in conflict with the applicable decisions of this Court and other Courts of Appeal, sufficient to satisfy Rule 19-1(b).

9.

THE CASES CITED AND RELIED UPON BY THE RESPONDENT ARE INAPPLICABLE TO THE SPECIFIC FACTS IN THE PRESENT CASE.

The cases cited by and relied upon by the respondent (RB 5 and 11) are inapplicable to the specific facts in the present case, as may readily be seen by a brief consideration thereof.

McCullough v. *Kammerer Corporation, et al.*, 323 U. S. 327, 65 S. Ct. 297, 89 L. Ed. 273.

This was a patent case in which the petitioner in its answer failed to make any mention of certain patent license restrictions which were not considered in either the trial court or in the Court of Appeals. However, in the present case the petitioner's release defense and the evidence relative thereto were fully considered in the trial court and

were before the Court of Appeals, and all of the questions presented by the petition stem from that defense.

Hence, it is submitted that this case has no application to the specific facts in the present case.

Max Sonzinsky v. *United States of America*, 300 U. S. 506, 57 S. Ct. 554, 81 L. Ed. 772, 776.

This was a tax case in which the petitioner failed to assert in the lower courts certain defenses upon which he relied in this court. However, as pointed out above, all of the questions presented by the petitioner herein stem from the petitioner's release defense which was fully tried in the District Court and was before the Court of Appeals.

Hence, this case likewise has no application to the facts in the present case.

Guy T. Helvering v. *Tex-Penn Oil Company, Etc.*, 300 U. S. 481, 57 S. Ct. 569, 81 L. Ed. 755, 766.

This was also a tax case in which the commissioner's notice of deficiency did not assert before the Board of Tax Appeals or before the Court of Appeals a certain contention relied upon in this court, whereas, as pointed out above, all aspects of the release defense contained in Paragraph 3 of the settlement agreement of March 29, 1962 between the parties (PX 1, DA 124-27) were before the courts below.

Hence, this case is likewise inapplicable to the specific facts in the present case.

David Burnet v. *Commonwealth Improvement Company*, 287 U. S. 415, 418, 53 S. Ct. 198, 77 L. Ed. 399, 402.

This was likewise a tax case in which commissioner's method of reckoning the tax claimed was not considered by

the then Board of Tax Appeals, or by the Court of Appeals, and hence would not be considered by this court.

However, for the reasons pointed out above, this case is also inapplicable to the fact situation presented by the petition.

James Duignan v. *United States, et al.*, 274 U. S. 195, 200, 47 S. Ct. 566, 71 L. Ed. 996, 1000.

This was an action in equity under the National Prohibition Act to cancel a real estate lease. The petitioner raised the question of the equity jurisdiction of the court for the first time on appeal, urging that the respondent's remedy at law was inadequate. This court held that petitioner's objection to the equity jurisdiction of the court, not seasonably taken, was waived. However, the fact situation in the cited case is totally unlike that presented by the petition, and hence the case is here applicable.

General Talking Pictures Corporation v. *Western Electric Company*, 305 U. S. 124, 59 S. Ct. 116, 83 L. Ed. 81.

This was a patent case in which certain questions as to patent license notice restrictions were presented on rehearing after the decision of the Court of Appeals had been upheld by this court which declined to review the new questions presented for the first time on rehearing.

It is submitted that the case is totally inapplicable to the facts in the present case.

W. Yale Smiley v. *Mike Holm*, 285 U. S. 355, 52 S. Ct. 397, 76 L. Ed. 795, 805.

This was a congressional redistricting case in which the court held that certain questions as to the application of redistricting standards were abstract and hence would not be considered by the court.

However, as pointed out above, the questions presented by the petition are in no way abstract but are concrete and vital so that this case is in no way applicable to the case presented by the petition.

CONCLUSION.

For the reasons set forth above, as well as for the reasons set forth in the petition, and which are here reiterated, it is respectfully submitted that the petition for a writ of certiorari is well founded in fact and law and should be granted.

Respectfully submitted,

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